

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DEXTER-ALMO HEIGHTS WATER)	
DISTRICT AND ITS INDIVIDUAL)	
COMMISSIONERS, JOE DAN TAYLOR,)	
CHARLES BOREN, AND PAT PASCHALL)	CASE NO.
_____)	2017-00468
)	
ALLEGED FAILURE TO COMPLY WITH)	
KRS 278.300)	

ORDER

On May 25, 2017, Dexter-Almo Heights Water District's ("Dexter-Almo") application ("Application") to the Commission requesting to adjust its water rates pursuant to 807 KAR 5:076 was accepted for filing.¹ On September 27, 2017, Commission Staff issued a report ("Staff Report") summarizing its findings. In its Staff Report, Staff found that Dexter-Almo provided documentation of a loan from Murray Bank of Calloway County, Kentucky, ("Murray Bank") in the principal amount of \$145,988. The Promissory Note had an origination date of December 9, 2009, and a 15-year term. In Case No. 2006-00420 the Commission granted Dexter-Almo a Certificate of Public Convenience and Necessity to construct the "Coles Campground Road Project" and approved the proposed plan of financing, which included a \$47,613 line of credit with Murray Bank. The Staff Report also referenced a letter from November 23, 2005, that states Dexter-Almo's

¹ Case No. 2017-00191, *Application of Dexter-Almo Heights Water District for Alternative Rate Filing* (filed May 25, 2017).

total line of credit was for \$150,000 and was renewable on a two-year term.²

KRS 278.300(1) states that no utility shall issue any form of indebtedness unless it has been authorized to do so by an Order of the Commission. The Commission finds that based upon a review of the record in Case No. 2017-00191, and being otherwise sufficiently advised, a *prima facie* case exists that Dexter-Almo violated KRS 278.300 by issuing evidence of indebtedness to Murray Bank without Commission approval, and that a formal investigation into the matter should be conducted.

Pursuant to KRS 74.020(1), a water district shall be administered by a board of commissioners which shall control and manage the affairs of the district. The Commission finds that a *prima facie* case exists that Dexter-Almo commissioners Joe Dan Taylor, chairman; Charles Boren, treasurer; and Pat Paschall, secretary; acting in their respective individual capacities as members of Dexter-Almo's Board of Commissioners, willfully aided and abetted in the above violation.

IT IS THEREFORE ORDERED that:

1. Dexter-Almo and commissioners Joe Dan Taylor, chairman; Charles Boren, treasurer; and Pat Paschall, secretary, individually and in their respective capacities as commissioners of Dexter-Almo, shall submit to the Commission individual written responses to the allegations contained herein within 20 days of the date of entry of this Order.

2. Dexter-Almo and commissioners Joe Dan Taylor, chairman; Charles Boren, treasurer; and Pat Paschall, secretary, individually and in their respective capacities as

² Case No. 2017-00191, *Electronic Application of Estill County Water District No. 1 for Rate Adjustment pursuant to 807 KAR 5:076*, (Ky. PSC Sept. 27, 2017), Staff Report at 4–5.

commissioners of Dexter-Almo shall appear on February 27, 2018, at 9:00 a.m. Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard in Frankfort, Kentucky, to show cause, if any, why it should not be subject to penalties pursuant to KRS 278.990 for failure to comply with the requirements of KRS 278.300.

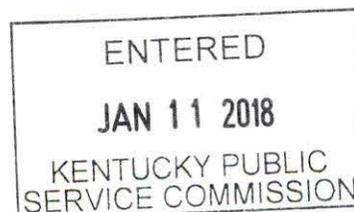
3. Dexter-Almo shall file with the Commission, no later than February 20, 2018, seven days prior to hearing, a list of witnesses and exhibits to be presented at the February 27, 2018 hearing. Dexter-Almo shall provide six copies of any exhibit it intends to introduce into evidence at the hearing.

4. Dexter-Almo shall give notice of the hearing in compliance with 807 KAR 5:001, Section 9(2)(b). In addition, the notice of hearing shall include the following statement: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov." At the time the notice is mailed or publication is requested, Dexter-Almo shall forward a duplicate of the notice and request to the Commission.

5. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

6. The record of Commission Case No. 2017-00191 is made a part of the record by reference only.

By the Commission



ATTEST:


Executive Director

Pat Paschall
Commissioner
Dexter-Almo Heights Water District
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Joe Dan Taylor
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